



# **Parks Department Events Management 2<sup>nd</sup> Follow-Up Audit Report**

Issued by the  
Internal Audit Office  
February 10, 2010

**City of El Paso  
Internal Audit Office  
Parks Department Events Management 2<sup>nd</sup> Follow-Up Audit**

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***EXECUTIVE SUMMARY***

The Internal Audit Office has concluded its fieldwork of the 2<sup>nd</sup> follow-up audit of the Parks Department Events Management Audit Report dated March 5, 2007. Based on the follow-up audit fieldwork, we have determined the status of pending recommendations for each audit finding as outlined in the table below:

Finding No.	Description of Finding	Status
1	There is a lack of facilities to organize competitive swimming events using the City's pools.	Implemented During 1 <sup>st</sup> Follow-Up
2	There are no policies and procedures for Special Events activities.	Implemented
3	The Special Events activities are not compatible with the mission of the City of El Paso and the mission of the Parks and Recreation Department.	Implemented During 1 <sup>st</sup> Follow-Up
4	Not all pool facilities have fire lanes as mandated by Fire Code laws.	Implemented During 1 <sup>st</sup> Follow-Up
5	The reporting system to track results of Special Events is unreliable, inadequate and inconclusive.	Implemented
6	Policies and procedures for financial activities related to Special Events are deficient.	Implemented During 1 <sup>st</sup> Follow-Up
7	Internal controls for the cash handling process are lacking. Cash is not adequately safeguarded. Cash deposits are not being recorded on a timely basis.	Management will Assume the Risk

For a detailed explanation of the findings and the current observations please refer to the appropriate finding contained in the body of this Audit Report.

Based on the results of this follow-up audit, six (6) of the original seven (7) findings have been implemented and one (1) of the original seven (7) findings management will assume the risk of not fully implementing corrective actions.

Type of Audit	Date of Audit	Results
Original Audit	March 6, 2007	<ul style="list-style-type: none"><li>• 7 Original Findings identified</li></ul>
1 <sup>st</sup> Follow-Up Audit	September 23, 2008	<ul style="list-style-type: none"><li>• 4 Findings fully implemented</li><li>• 3 Findings in progress of implementation</li></ul>
2 <sup>nd</sup> Follow-Up Audit	February 10, 2010	<ul style="list-style-type: none"><li>• 6 Findings fully implemented</li><li>• 1 Finding management will assume the risk</li></ul>

### ***BACKGROUND***

The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing, Standard 2500.A1*, requires a post audit follow-up on all audit recommendations made to ascertain that appropriate action is taken on reported audit findings. The Internal Audit Office has conducted a 2<sup>nd</sup> follow-up audit of the *Parks Department Events Management Audit Report* dated March 5, 2007.

### ***AUDIT OBJECTIVES***

The audit objective was to determine the implementation status of the three (3) pending recommendations found to be "In Progress" during the initial follow-up audit.

### ***SCOPE & METHODOLOGY***

This follow-up audit was limited to a review of the pending findings and recommendations detailed in the *Parks Department Event Management Follow-Up Audit Report* dated September 23, 2008. The audit period covered Fiscal Year 2009. Audit fieldwork included interviewing key personnel, reviewing documents, and testing management processes to determine the status of each recommendation.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors.

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***ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT'S  
RESPONSE TO ORIGINAL FINDINGS, FIRST FOLLOW-UP OBSERVATION AND  
STATUS, CURRENT OBSERVATION AND STATUS***

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

<i>Implemented</i>	The finding has been addressed by implementing the original corrective action or an alternative corrective action.
<i>In Progress</i>	The corrective action has been initiated but is not complete.
<i>Not Applicable</i>	The recommendation is no longer applicable due to changes in procedures or changes in technology.
<i>Not Implemented</i>	The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk.

**Original Finding 1**

**Operational - Facilities**

There is a lack of facilities to organize competitive swimming events using the City's pools. The Ysleta Del Sur Pueblo (YDSP) Aquatics Center which is owned and operated by the Ysleta Del Sur Pueblo and was used as a benchmark, provided the best pool facility to hold these types of events for large crowds. Unlike the YDSP complex, the City aquatic facilities are much smaller and not conducive to accommodate large Special Events.

**Recommendation**

Competitive swimming events should not be conducted in the City's aquatic facilities due to the lack of facilities and economic resources.

**Management's Response**

The challenge the City faces is that none of the pools were designed or constructed to accommodate competitive swimming. Only because of staff's creativity by making alterations to the pools mechanical system can competitive swim meets be held at certain City of El Paso facilities, and then only if the number of swimmers and events is compatible to the facility. High School (probably up to three teams) and the developmental swim league (Del Norte) run by Border Swimming are examples of meets properly sized for our facilities. However these should be run by organizations skilled and familiar with these events. The facilities would be leased to them. This is also a way to still generate some income for the aquatics section as rental fees are applied.

**Responsible Party**

Director of Parks and Recreation and Recreation Services Manager

**Implementation Date**

Immediately: Note that any future development of major aquatics facility should come from collaborative ventures with school districts and substantial commitment from the competitive swimming community.

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**1<sup>st</sup> Follow-Up Observation**

- During the original audit, Competitive Swimming events were a concern due to the large crowds. Competitive swimming events are still being conducted in the City's aquatic facilities but smaller events are being held.
- A review of the largest event for fiscal year 2007-2008, which are the Private and Public Divisional Championship swim meets, identified that events are being conducted within the corresponding facilities capacity limits.

**1<sup>st</sup> Follow-Up Status**

Implemented

**Original Finding 2**

**Operational - Policies and Procedures**

There are no policies and procedures for Special Events activities in the following areas:

- Enforcement of facility capacity.
- Post event debriefs.
- Emergency safety plans.
- No formal staff training programs for conducting special event activities.
- Event security for employees, guests and participants.

**Recommendation**

Competitive swimming events should not be conducted in the City's aquatic facilities due to the lack of expertise in organizing and managing Special Events.

**Management's Response**

Competitive swim meets conducted in City of El Paso facilities should be run by organizations familiar with this including local school districts and Border Swimming sanctioned meets. Furthermore, in the event these take place, policies and procedures regarding any special events will be developed to ensure that facility's use liability issues are covered.

**Responsible Party**

Director and Assistant Director for Recreation Services

**Implementation Date**

Immediately

**1<sup>st</sup> Follow-Up Observation**

Procedures have been developed and are in practice for the areas stated in the audit report; however they are not codified in a centralized formal document.

**1<sup>st</sup> Follow-Up Status**

In Progress

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**Current Observation**

Policies and procedures for Special Events have been codified in a centralized formal document, titled "Parks and Recreation Department Administrative Guideline".

**Current Status**

Implemented

**Original Finding 3**

**Strategic**

The Special Events activities are not compatible with the mission of the City of El Paso and the mission of the Parks and Recreation Department.

- The City's mission is to provide quality customer service to its citizens.
- The Park's & Recreation mission is to maintain open space facilities and provide opportunities for structured and unstructured recreational and leisure-time activities for all citizens of El Paso.
- In addition, the primary purpose of the Aquatics program is to teach proper swimming techniques and provide a facility for recreational enjoyment.

**Recommendation**

Management should emphasize its efforts on meeting the expectations of the missions of the City and Park's & Recreation Department's which is to teach proper swimming techniques and provide a facility for recreational and leisure-time activities for the citizens of El Paso.

**Management's Response**

Program staff should concentrate in this area however as described above our facilities can be used for competitive swim meets when rented by outside organizations. The department needs to specifically identify its core and non-core programs in aquatics. Nevertheless, as the department is the sole provider of aquatics facilities, presently there is a certain obligation to work with the swimming community in order that residents are afforded this opportunity. As outlined before, however, future development should be predicated on the City moving away from this type of competitive facility.

**Responsible Party**

Director and Assistant Director for Recreation Services

**Implementation Date**

Immediately

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**1<sup>st</sup> Follow-Up Observation**

A review of the Aquatics Special Event activities identified that:

- Special Events activities are compatible with the mission of the City of El Paso and the mission of the Parks and Recreation Department.
- Proper swimming techniques are being taught and facilities are being provided for recreational enjoyment.
  - Swim instructors are being adequately trained.
  - The aquatics division recreational swimming hours have increased from 2007 to 2008 from 236 hours to 271 hours for indoor recreational swim for a total increase of 35 hours and from 177.5 hours to 178.5 hours for outdoor recreational swim for a total increase of one hour.

**1<sup>st</sup> Follow-Up Status**

Implemented

**Original Finding 4**

**Compliance**

Not all pool facilities have fire lanes as mandated by Fire Code laws. Fire lanes had not been designated in the Shawver pool facility until after the over crowded incident, which occurred 07/16/06. A sample of facilities include the following:

<b>Name of Pool</b>	<b>Fire Lanes Y/N</b>
Shaver	Y
Hawkins	N
Armijo	N
Veterans	N

**Recommendation**

Management should enforce compliance with Fire Code laws for the pool facilities as mandated by the City Ordinance 15964 and International Fire Code Sections 403-404 and 1001-1003.

**Management's Response**

Concur

**Responsible Party**

Facilities maintenance in coordination with Aquatics Director

**Implementation Date**

End of September 07

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**1<sup>st</sup> Follow-Up Observation**

- Further research identified that fire lanes are not required to be designated within pool facilities; but instead an unobstructed way of egress from any point in a building should be in place.
- We confirmed that a Safety Marshall is being appointed for all competitive swimming events to keep a diligent watch for fires, obstructions, and means of egress.

**1<sup>st</sup> Follow-Up Status**

Implemented

**Original Finding 5**

**Reporting**

The following internal control weaknesses and risk areas for reporting purposes were identified:

**Benchmark to City Facilities**

- The Ysleta Del Sur Pueblo pool rents their facility for approximately \$3,000.00 and the City rents their facility for approximately \$1,000.00 for competitive swimming events.
- In comparison to the fee structure, when the City facilities are benchmarked against the Ysleta Del Sur Pueblo facilities, the Aquatics Division is subsidizing private and public competitive swimming leagues through lower fees charged for hosting the events.
- The City pays for ribbons, trophies, printing fees for brochures, refreshments and staffing. These costs are included in the \$25 participant registration fee charged to the private and public leagues. The Ysleta Del Sur Pueblo does not pay for these costs.

**System to Track Results of Special Events**

- The Expenditure Cost Report and Revenue Comparison Report to track results of the Special Events activities are unreliable, inadequate and inconclusive.
- The reports are prepared manually and do not reflect all the components of a revenue/expense system such as general and administrative costs resulting in an incomplete review of performance operations.
- Data to generate the Expenditure Cost Report and Revenue Comparison Report is obtained from vendor receipts, participant log books and registration rosters. In addition, administration costs are provided by City employees. Private league revenue information is provided by the private league coordinators.
- The source documents are not verified to a comprehensive reporting system.

**Recommendation**

Management should implement internal controls for reporting systems so that amounts are reliable and accurate. Also, proper controls for performance measures should be used so that performance outcomes can be accurately monitored.



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**Management's Response**

The Parks & Recreation Department is waiting funding to procure a program such as Vermont system's RecTrac which will enable this to be done. Partial funding to acquire MainTrac (maintenance and work order tracking) is provided in the City Manager's proposed FY08 appropriations. It is hoped that RecTrac can be acquired during FY09. Until then the requested reporting systems will be heavily reliant upon manual data collection and compilation. Efforts will be made to better organize this.

It should also be noted, as per the finding regarding the rental fees that the Ysleta Del Sur Pueblo facility exceeds anything the City can offer from a facility perspective. There is also an expectation that the cost to use public facilities should be somewhat less expensive than using private facilities.

**Responsible Party**

Business & Financial Manager in cooperation with Aquatics Director

**Implementation Date**

Upon Funding and hire of Business Financial Manager. In the meantime, Aquatics Director will be responsible. SOP on this subject will be ready by December 2007.

**1<sup>st</sup> Follow-Up Observation**

- A review of the Forecasted Budget report used to track results of the Special Events activities identified that this report is not reliable, adequate, or conclusive. One out of three (33.3%) accounts reviewed did not agree to the amount in PeopleSoft Financials:

	Forecasted Budget Report	Agreed to Receipts	Agreed to PeopleSoft
Public Registrations	\$16,590.00	No	No
Medals for Championship	\$878.09	Yes	Yes
T-Shirts	\$50.00	Yes*	Yes

\*When reconciled, amount was off but was an immaterial amount.

- Upon inquiry of the validity of the Forecasted Budget report numbers, the Parks and Recreation staff reconciled the Forecasted Budget report to PeopleSoft Financials. Errors were identified in the Forecasted Budget report by Parks and Recreation staff and the report had to be amended.
- Management has not implemented internal controls for reporting systems so that amounts are reliable and accurate.
- Proper controls for performance measures are not being used so performance outcomes can be accurately monitored such as number of registrations reported in the Forecasted Budget report.

**1<sup>st</sup> Follow-Up Status**

In Progress

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**Current Observation**

A review of the Forecast Budget report which management uses to track results of the Special Events activities identified that this report is reliable, adequate, and conclusive.

Type	Actual Amount Per Forecast Budget	Agreed To Receipts	Agreed to PeopleSoft
Gate Entries Public and Private	\$6,260.00	Yes*	Yes*
Meet Programs Public and Private	\$2,592.00	Yes*	Yes*
Trophies	\$288.20	Yes	Yes
Ribbons Tri, Dual, & Champ	\$6,203.18	Yes	Yes

\*When reconciled, amount was off but was an immaterial amount.

- The Forecast Budget report had errors but may possibly be due to missing receipts. Upon further review errors were considered to be immaterial amounts.
- Management has implemented internal controls for reporting systems so that amounts are reliable and accurate.
- Proper controls for performance measures are being used so performance outcomes can be accurately monitored.

**Current Status**

Implemented

**Original Finding 6**

**Financial**

Internal controls and procedures for financial activities relating to Special Events are inadequate in the following areas:

- No breakeven analyses are conducted prior to staging events and planning. There are no written or formal procedures performed to forecast a breakeven amount.
- There are no procedures for collection of pre sales revenue. There are no methods to account for pre sale items. To prevent the potential of over crowding, the Director of Parks and Recreation Department mandated no admission tickets be sold in advance.
- There are no policies in place for Special Events activities for collection of revenues, cash flow and cash handling controls. They are processed in the same manner as daily operations.
- There are no procedures in place for collection of rental space concession revenue. The rental space concession revenue is processed in the same manner as daily operations.

**Recommendation**

Management should implement internal controls for collection of revenues, concessions and cash handling operations for the Special Events. Also, breakeven analyses should be conducted prior to staging events.

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**Management's Response**

Concur

**Responsible Party**

Business & Financial Manager in coordination with Aquatics Director

**Implementation Date**

December 2007

**1<sup>st</sup> Follow-Up Observation**

A review of the revenues, concessions, and cash handling operations for Special Events identified that:

- A breakeven analysis is conducted prior to the entire swim meet season which is compared to actual amounts at the end of each season.
- There are no longer any pre sale items; therefore, no further follow-up is necessary.
- Policies for Special Events activities for collection of revenues, cash flow and cash handling controls was addressed in the Parks Department Audit issued June 18, 2008 as Finding #1 and will be followed up on during the Parks Department Follow-Up Audit.
- Procedures have been put in place for collection of rental space concession revenue.

**1<sup>st</sup> Follow-Up Status**

Implemented

**Original Finding 7**

**Cash Operations**

The following internal control weaknesses and risk areas were identified for cash handling at the Aquatics Division:

- There are no scheduled deposit procedures in place to deposit money to the bank.
- There is no specific time when the deposit is taken to the bank. The decision to make the bank deposit is subjective based on amount and availability of the Runner or Pool Manager. However, the money is held in a locked safe until taken to the bank.
- Based on a review of the weekly revenue report for 1/28/07 through 1/31/07, \$356.15 in cash was received on three separate days (1/28/07 \$16.50, 1/29/07 \$132.50 and 1/30/07 \$207.15) at the Leo Cancellare pool facility and held for one to two days before a deposit was made on 1/31/07 to the bank.
- Daily cash deposits are not recorded into the general ledger on a daily basis.

**Recommendation**

Management should implement internal controls for cash handling and record cash deposits on a timely basis.

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**Management's Response**

The department has established a procedure that deposits are made whenever \$100 in cash is collected or no less frequently than weekly. This is now monitored for Recreation and Senior Centers and this monitoring will be extended to aquatics facilities. The location of all parks facilities including aquatics makes it very difficult to collect the documents to be able to post and record cash deposits into the general ledger daily. This could only be done with either on-line processing for all revenues which is feasible with Vermont Systems RecTrac described above; or staffing which would be responsible to collect these from each facility, take to the bank for deposit, and then to City Hall for entry into PeopleSoft and posting to the general ledger. Security and employee safety dictates that there is no scheduled time to take deposits to the bank. The specific examples at LCMP are accurate but reflect a discipline situation where the responsible employee (s) were later terminated or resigned.

**Responsible Party**

Business and Financial Manager along with Aquatics/Sports Manager

**Implementation Date**

On going. New SOP manual by December 2007

**1<sup>st</sup> Follow-Up Audit Observation**

- Scheduled deposit procedures are in place but have not been documented.
- A sample of revenue generated by Leo Cancellare Pool was selected for review for the month of July 2008. Based on our review:
  - Deposits are being made in a timely basis however four (4) deposits were short totaling \$103.10.
  - Daily cash deposits are not recorded into the general ledger on a daily basis. However, it is currently not feasible for aquatics to record cash deposits into the General Ledger daily given that the Accountant who posts to the General Ledger is located at the main aquatics facility. No further follow-up will be conducted on this item.

**1<sup>st</sup> Follow-Up Status**

In Progress

**Current Observation**

- A "Cash Handling Administrative Guideline" to include deposit procedures has been drafted, but not approved and no implementation date has been set. However, the City of El Paso has a "Cash Management Manual" dated May 2009 that all City departments are required to follow.
- Reviews of deposits for December 1, 2008 to December 18, 2008 at the William W. Cowan Pool were accurate when compared to the Cashier's Daily Statements, Z-Tapes, and receipts.
  - A total of \$438.00 was collected and deposited.

**Current Status**

Not Implemented, management will assume the risk of not implementing the "Cash Handling Administrative Guideline." In the interim, the Parks Department will need to comply with the City of El Paso's "Cash Management Manual" dated May 2009.

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***INHERENT LIMITATIONS***

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods are subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may deteriorate.

***CONCLUSION***

Based on the results of this 2<sup>nd</sup> follow-up audit, we found that of the seven (7) original findings, six (6) have been implemented and one (1) management will assume the risk of not fully implementing corrective actions.

We wish to thank the management and staff of the Parks and Recreation Department for their assistance and numerous courtesies extended during the completion of this follow-up audit.

*Signature on File*

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Chief Internal Auditor

*Signature on File*

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